

Message Text

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DRAFTED BY EUR/RPM:GCHRISTIANSON/H:RBURNS:HR

APPROVED BY D:KRUSH

EUR:GSSPRINGSTEEN L/PM:JMICHEL

EUR/RPM:WROMINE

EUR/RPM:AFLOYD S/S:MR. D. MILLER

OSD/ISA:ACHAPA

H:SDANDERSON EUR/CE:HWILGIS

PM:JGRAHAM

TREAS:RWBEAN EB/OMA:JHCHEATHAM

NSC:JKNUBEL

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FM SECSTATE WASHDC

TO ALL NATO CAPITALS

USMISSION NATO

AMEMBASSY VIENNA

C O N F I D E N T I A L STATE 207325

E.O. 11652: GDS

TAGS: PARM PFOR, NATO

SUBJECT: GUIDANCE ON JACKSON-NUNN AMENDMENT

VIENNA FOR MBFR DEL

1. TEXT OF JACKSON-NUNN AMENDMENT TO FY 1974 MILITARY
PROCUREMENT BILL, AS AGREED UPON IN HOUSE/SENATE CONFER-
ENCE COMMITTEE WAS TRANSMITTED IN EUR WIRELESS FILE OF
OCTOBER 15 (EUR 08). IN ALL LIKELIHOOD THE AMENDMENT WILL
BECOME LAW IN THE NEAR FUTURE. POSTS SHOULD DRAW UPON
FOLLOWING IF QUERIED BY HOST GOVERNMENT OFFICIALS. WE
WOULD APPRECIATE REPORTS OF SIGNIFICANT COMMENTS ON THE
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AMENDMENT.

2. THE AMENDMENT INVOLVES A MAJOR UNCERTAINTY, I.E., THE SIZE OF OUR MILITARY DEFICIT IN NATO EUROPE FOR FY 1974. WE CANNOT KNOW ITS EXACT AMOUNT UNTIL SOMETIME NEXT SUMMER. DOD'S PRESENT ESTIMATE OF US FY 1974 MILITARY EXPENDITURES ENTERING THE IBOP IN NATO EUROPE IS DOLS. 2.5 BILLION, BUT NO ESTIMATES ARE POSSIBLE FOR RECEIPTS AT THIS TIME. COMMERCE, IN CONSULTATION WITH DOD AND THE GAO, HAS BEEN CHARGED WITH DETERMINING THE SIZE OF THE MILITARY DEFICIT WITH NATO EUROPE IN FY 1974.

3. TECHNICALLY, THE AMENDMENT COULD GIVE OUR ALLIES ABOUT A 22 MONTH PERIOD, DATING FROM JULY 1, 1973, TO OFFSET OUR FY 74 DEFICIT. ASSUMING THE JACKSON-NUNN BILL BECOMES LAW ON NOVEMBER 1 THIS YEAR, TERMINATION DATE FOR MEETING OUR FY 74 DEFICIT COULD TECHNICALLY BE MAY 1, 1975, AND ANY MILITARY EQUIPMENT PURCHASES OR OTHER ACCEPTABLE OFFSETS WITHIN THE 22 MONTH PERIOD JULY 1, 1973 - MAY 1, 1975 COULD ARGUABLY BE COUNTABLE AGAINST TOTAL US DEFENSE EXPENDITURES FOR FY 74 IN NATO EUROPE. HOWEVER, WE DO NOT WISH TO ENCOURAGE ALLIES TO RELY ON A PERIOD OF THIS LENGTH. WE HAVE NO ASSURANCE THAT THE JACKSON-NUNN AMENDMENT WILL NOT BE REPEATED IN SOME FORM IN FUTURE YEARS. IN ANY EVENT, THE ONLY SOUND BASIS FOR WORKING OUT A DURABLE SOLUTION TO THE PERENNIAL US MILITARY BOP PROBLEM IN NATO IS TO PLAN ON "OFFSET PERIODS" NO LONGER THAN THE "EXPENDITURE PERIODS" WHICH THEY ARE DESIGNED TO COVER.

4. FINAL SUBSTANTIVE SECTION OF JACKSON-NUNN AMENDMENT CALLS ON ALLIES TO INCREASE SUBSTANTIALLY THEIR CONTRIBUTIONS TO ASSIST US IN MEETING ADDITIONAL BUDGETARY EXPENSES RESULTING FROM MAINTAINING US FORCES IN EUROPE, THROUGH (1) ASSUMPTION OF CERTAIN RECURRING AND NON-RECURRING EXPENSES, AND (2) REDUCTION OF US COSTS UNDER INFRASTRUCTURE PROGRAM. TO THE EXTENT THAT BUDGETARY

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SUPPORT MEASURES REDUCE OUR BOP DEFICIT THEY WOULD COUNT AGAINST THE OFFSET REQUIREMENT. (STRICTLY FYI) THE QUESTION OF THE ACCEPTABILITY OF SOME FORM OF LOAN AS PART OF THE OFFSET WILL ALSO HAVE TO BE EXAMINED, ALTHOUGH THE CONGRESS IS HOSTILE TO ITS INCLUSION. (END FYI)

5. OUR ALLIES SHOULD BE AWARE THAT JACKSON-NUNN, AS

IT NOW STANDS, REPRESENTS THE OVERWHELMING CONSENSUS
IN BOTH HOUSES OF CONGRESS. IN YOUR DISCUSSIONS WITH
HOST GOVERNMENT OFFICIALS, YOU SHOULD EMPHASIZE THAT
PASSAGE OF THE AMENDMENT HIGHLIGHTS THE IMPORTANCE OF
OUR ALLIES' COMING UP WITH A PROGRAM FOR FY 1974 TO
COMPENSATE THE US AS A RESULT OF STATIONING FORCES IN
EUROPE. IT SHOULD BE CLEAR TO OUR ALLIES THAT THE
CONGRESSIONAL PRESSURE FOR TROOP REDUCTIONS, WHETHER
OR NOT TIED TO BOP RELIEF, WILL CONTINUE UNABATED AS
LONG AS THE ALLIES ARE NOT SEEN BY CONGRESS TO BE PRO-
VIDING FULL OFFSET OF THE BOP DEFICIT ON MILITARY
ACCOUNT, INCLUDING THROUGH MULTILATERAL ARRANGEMENTS. KISSINGER

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